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Business: The Company File

Ladbroke's offloads Coral



All bets are off as Coral sale to Morgan Grenfell is confirmed

Leisure group Ladbroke's has announced the sale of its 827 Coral betting shops to finance group Morgan Grenfell Private Equity for £390m.

The sale also includes Coral's credit and telephone betting operations and the Romford and Hove greyhound racing tracks.

Ladbroke's, the UK's largest bookmaker, bought Coral only last year for £363m, but was forced to sell it after monopoly watchdogs blocked the deal on the grounds it would substantially reduce competition.

Now this deal with German-owned Morgan Grenfell, a subsidiary of Deutsche Bank, is subject to European Union merger clearance which is expected to be granted in February.



Ladbroke's dominates the market

Peter George, chief executive of Ladbroke's said: "Whilst we would have liked to have kept Coral, the excellent price that we have achieved underlines the long term potential of the off-course betting industry, in which we remain the largest operator."

He said Ladbroke's had made profits before interest and tax of around £40m from the Coral business in the short time it had owned it.

Morgan Grenfell beat off the bid from rival finance firm Cinven believed to be at £375m, while a similar-priced

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bid from state-owned Tote bookmakers was withdrawn last week.

Ladbroke said it would retain Coral's 50 betting shops in Ireland and eight in the Channel Islands, to be rebranded as Ladbrokes.

The company also said it would hang on to its 5% stake in horse racing's Satellite Information Services which is still under review by the UK Office of Fair Trading.

Ladbrokes is left with 1,900 shops ahead of William Hill, which has 1,500.

"Ladbroke has done a good deal and the market should be pleased that this is behind it," said Morgan Stanley Dean Witter analyst Ben Britz.

Ladbroke shares were up 10 pence at 235p at 1430 GMT.

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